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MUTUAL DISTRUST BLOCKS BIG-THREE AGREEMENT ON MAJOR ISSUES

DISCUSSIONS in the Security Council about Spain, in the Atomic Energy Commission about methods of preventing the use of the atomic bomb, and in Paris about the wide range of unsettled European problems sometimes assume the appearance of shadow-boxing, because the main issue at stake is consistently avoided—and that is the distrust with which the Western powers and Russia view one another. This distrust, justified as it may seem on both sides, colors every controversy, no matter how insignificant, that arises among the Big Three.

IDEOLOGY YIELDS TO NATIONAL INTERESTS. In the case of Spain, for example, it may be assumed that the Labor government of Britain has no more sympathy than the Kremlin for General Franco's régime. But its lack of enthusiasm for Franco is outweighed by Britain's traditional concern about its strategic position at the western entrance to the Mediterranean, and by its fear that UN intervention in Spain to overthrow Franco would open the way to Russian domination of that country. The United States, which also professes no sympathy for Franco, shares the British view about the strategic importance of Spain, especially now that it, too, has a stake in the security of the Mediterranean. Russia has asserted that Spanish fascism is an immediate menace to world peace—an assertion denied by the Security Council's subcommittee on Spain; and ideological opposition to Franco was undoubtedly an important factor in Russia's intervention in the Spanish civil war of 1936. But Moscow has not permitted the Fascist character of the Perón government to prevent recognition of that régime and inauguration of trade relations with Argentina, traditionally critical of the United States. Argentina, for its part, having lost Germany as a diplomatic counterweight to American influence in the Western Hemisphere,

hopes to find a substitute in Russia, although the Perón government fears the growth of communism at home. It is not Russia, however, but Britain, with its reviving export trade, which is regarded by American businessmen in Argentina as a challenge to United States trade.

Considerations of strategy and economic advantage, rather than of ideology, are thus paramount in shaping the policies of all the great powers, as they have been throughout history. The report of the Security Council subcommittee on Spain, which recommended that the question of Spain be submitted to the General Assembly in September may well be, as claimed by its supporters, the best possible compromise—although it was opposed by Britain as going too far, and by Russia as not going far enough; but it does not touch on the substance of the issues that separate the Western powers and Russia.

CAN U.S. AND U.S.S.R. ATOMIC PLANS BE RECONCILED? Again, in the Atomic Energy Commission, Mr. Baruch for the United States and Mr. Gromyko for Russia both have expressed genuine fear about the dangers of the atomic bomb, and genuine desire to control this destructive weapon. They differ, however, in their approach to these tasks. Mr. Baruch proposes a stage-by-stage disclosure of the "know-how" of atomic bomb production, to be undertaken only after establishment of a satisfactory international Atomic Development Authority, accompanied by powers of international inspection and arrangements for severe punishment of violations. Mr. Gromyko, whose proposals, it is reported, were drafted in advance of the Baruch statement, suggests immediate outlawing of the production and use of the bomb through an international treaty to be elaborated by a committee of the Atomic Energy Commission, while another committee would

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simultaneously provide for free exchange of scientific information about atomic energy. Mr. Gromyko's program envisages national sanctions against violators of the treaty, although it does not exclude eventual international sanctions; makes no provision for international inspection; and opposes relinquishment of the veto, which is a cardinal point of Mr. Baruch's program. Russia takes the view that, under the Baruch proposals, destruction of the store of atomic bombs accumulated by the United States (which, according to Moscow, constitutes a monopoly) may be postponed indefinitely; while the United States, and some other countries, believe that outlawry of the bomb by treaty, without provision for inspection and international punishment of violations free from great power veto will prove wholly inadequate.

COMPROMISE AT PARIS? Meanwhile, in Paris, Secretary of State Byrnes called on June 22 for a showdown on his proposal that, if the Council of Foreign Ministers did not succeed in drafting peace treaties for Italy and the Axis satellites at this session, the task of peacemaking be turned over in unfinished form on July 15 to a conference of the 21 nations that participated in the European war. This procedure Mr. Molotov has hitherto opposed. Some agreement has been achieved at the Paris session—notably postponement of the final disposition of Italy's African colonies, and decision to withdraw British and American troops from Italy and Russian troops from Bulgaria ninety days after the conclusion of peace treaties with the respective countries. The mistrust felt by all nations about the present alignment in Europe, however, is strikingly

revealed by reports that the Italian government, fearing the effects of an unfavorable treaty on public opinion, prefers continuance of the armistice to acceptance of sacrifices in the colonies and in the region of Trieste. While atomic scientists assure us that strategic and economic advantages of the pre-atomic age will offer no defense against atomic warfare, statesmen of all three powers, perhaps counting on outlawing of the bomb, continue to argue about outlets to the seas, trade opportunities, bases and borders.

It is encouraging, in this atmosphere of stalemate, to find that the United States has taken steps to dispel existing distrust of its motives not only on the use of atomic bombs but also on rule over Japan. The American proposal for a 25-year program of Allied supervision over Japan, announced on June 21, is a statesmanlike move. It has far greater significance than the similar proposal for Germany, for whereas in Germany four-power Allied control had been in existence from the outset and the Byrnes plan seemed to foreshadow curtailment rather than strengthening of the role of the United States in Europe, the plan for Japan, whose final defeat was encompassed primarily by American forces, offers Britain, Russia and China an opportunity to participate in its administration, and should remove the suspicions they may have nurtured about this country's desire to dominate Japan. By displaying a spirit of conciliation and a desire to allay the anxieties of other nations, the United States will gain far more influence than if it should merely seek to solidify its own national interests through unilateral action.

VERA MICHELES DEAN

BRITAIN REGISTERS ECONOMIC GAINS UNDER LABOR PARTY

Fully conscious of its election mandate of last July, the British Labor party has energetically pushed its domestic program to convert Britain into a Socialist commonwealth. The first year's record is impressive both because of the bulk of legislation dealing with a comprehensive system of social security, and the bills enacted to bring the Bank of England and the coal industry under public control. Other nationalization measures raise a number of vexing questions. But by the time the Labor party met for its annual conference at Bournemouth on June 10-12, Labor's leaders were able to review a year's work which had begun to show measurable returns in expanding production and increasing exports—both key tests for Britain today.

TEMPER OF BRITISH SOCIALISM. For the most part, Labor's methods and even its policies have already assumed a British character. This is explainable by three reasons, which reveal the temper of the government in Whitehall. First, it is important to realize that the British people are in many ways still living under wartime conditions.

Continued lack of housing and food reflect the havoc of war and world-wide shortages that would be present regardless of the party in office. Regulations necessary to meet these civilian privations, therefore, do not appear extraordinary to the public, in the sense that they would have been used by whatever administration was in power. Any government would also have to channel all available manpower and materials into export industries, although this tends to prolong civilian austerity.

The second reason why Labor's policies do not appear entirely new is because urgent postwar demands are being met without sacrificing historic British political liberties. At their recent Bournemouth Conference leading Laborites repeatedly emphasized this point. Action taken by the delegates to bar Communist affiliation with the Labor party can also be read in the light of this devotion to democratic principles, for the Communists were severely criticized on the ground that they hoped to enter Labor's ranks only to dispense with constitutional practices. Third, Labor's program has been in

part a fulfillment of plans for social and economic reform laid down by the Churchill coalition régime. This again gives continuity to Britain's traditional method of government by evolution.

FIRST-YEAR RECORD. Aside from the nationalization projects, Parliament has already acted on a host of other measures whose long-term significance can hardly be overestimated. Steps have been taken to implement the coalition White Paper on Full Employment by setting up planning and statistical agencies which will constitute a "general staff" for the future economy. A national insurance plan is now on the statute books, providing social security for the entire population. It is an extended version of the Beveridge scheme and the coalition proposals. A universal national health service has also been inaugurated. Having passed bills to control investment and provide certain agricultural reforms, Parliament has also considered two budgets; lowered government interest rates, thus giving the state greater control over credit; and retained price regulations and many other wartime restrictions in order to lessen the danger of an immediate postwar boom or slump.

Reconversion may be said to have run smoothly thus far in Britain, albeit at a budgetary cost, for price controls have been maintained through subsidies. After many difficulties the extensive housing program is underway, demobilization will be completed by the end of the year, and since January employment is up, although not spectacularly. The stock markets have remained fairly steady, and with minor exceptions there have been no serious labor disputes since the end of the war. Wages have risen, but the Bournemouth delegates were told plainly by government spokesmen that the much desired 40-hour week must be postponed. Civilian goods are still strictly rationed and will continue so until export increases are fully supplied. Since the first of this year, however, exports have jumped to new levels, approximating those of 1938 in some cases. In so far, therefore, as the test of the government's policies may be said to hinge on increasing export

production, the many controls which the state has maintained appear to have been justified. The Board of Trade has urged definite export goals for many industries; and there is more hope now than immediately after the war that Britain's over-all objective of lifting its exports by 50 to 75 per cent above prewar levels will be attained within the next few years.

LABOR AND INDUSTRY. In addition to nationalization of coal and the Bank of England, state ownership and control of national industries and services are now envisaged for civil aviation, cable and wireless, railroads, and iron and steel. Other industries are to remain in private hands, although agreements among management, labor and government are to be used to direct their operations. Of all proposed joint arrangements those for cotton are the most important, because the textile industry is still Britain's chief hope in the export field. If the plans for reorganizing the cotton industry and nationalization of coal, railroads, and iron and steel are successfully carried through, Britain's basic industries will have been socialized. But the "if" in this case, goes to the heart of Britain's postwar industrial problems.

While the milder scheme for supervising cotton has been attacked in Britain, it is the plans for iron and steel that have aroused the most bitter dissent from Conservatives in Parliament, and the London *Economist* sees in this venture proof that the Labor party is more concerned with doctrine than with planning. Back of the debate between state ownership and private enterprise, however, remains the necessity for wholesale reorganization in certain industries, reallocation of others to different areas, and extensive modernization in coal, textiles and steel. In a period when "to export or die" is far more than a slogan for Britain, manufactures must achieve a competitive status comparable to that prevailing in other advanced industrial nations. It remains to be seen, however, whether—even if the state can re-equip all necessary plants with new machines—it can overcome manpower shortages that exist in such industries as coal mining. The Labor government believes that British industry can achieve a higher industrial efficiency through nationalization, and the rest of the world eagerly awaits the verdict of experience, for Britain's course will determine in practice whether socialism and democracy are compatible.

GRANT S. MCCLELLAN

(The second of two articles on Britain.)

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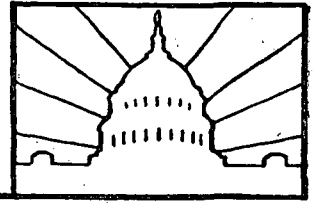
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Washington News Letter



U.S. STILL HOPES TO AVERT COMMUNIST-KUOMINTANG BREAK-UP

Despite grave disappointments, General George C. Marshall, President Truman's special envoy in China, remains hopeful that the Chinese will establish a coalition government uniting the hostile parties of the Communists and the Kuomintang, whose armies have been at war in Manchuria. The Kuomintang is the party which now controls the national government of China.

UNITY STILL THE AIM. The failure of the two parties to reach an understanding before their 15-day Manchurian truce ended on June 22 has not caused the United States to alter the policy followed by this country since last December 15, when it assumed the role of moderator between the opposing factions. For Marshall has rejected suggestions made in China that the United States try to unify the country by supporting only the Kuomintang and suppressing the Communists. On the contrary General Marshall has agreed that, if Congress authorizes the action, the United States should train and give minimum quantities of equipment to the Communist armies. Under Secretary of State Dean Acheson told the House Foreign Affairs Committee on June 19.

At the same time the United States has rejected unofficial suggestions from Britain that we allow China to divide into two parts by encouraging the Kuomintang to solidify its position in that portion of the country where its leadership is unquestioned and by acquiescing in the creation of an independent Communist régime in the north. "A China disorganized and divided . . . is an undermining influence to world stability and peace," Truman said on December 15.

Generalissimo Chiang Kai-shek, the dominant figure of the national government, cannot unify China by overthrowing the Communists without greater military assistance, in terms of men, guns and logistic arrangements than he now receives from the United States. Chiang failed last September and October to suppress the Communists in northern China by force of arms, which he hoped would enable him to extend the authority of his government over that region. The United States now gives limited military aid to Chiang. Although this aid is ineffectual, it has led the Communists to criticize us. But neither do all officials under Chiang approve our policy. The most reactionary and militaristic of those

officials continue to advocate suppression of communism by arms, preferably American arms.

Their influence was largely responsible for the decision of the Kuomintang Executive Conference, which met on March 1 to avoid action on the unity program which the Chinese Political Consultation Conference had adopted on January 10. Removal by Russia of industrial machinery from Manchuria, about which Secretary of State Byrnes questioned the Russian government in February, strengthened the reactionaries. While no evidence is available that Russia has directly assisted the Chinese Communists, many people readily associate Russian army men and Chinese Communists. By removing industrial equipment the Russians lost friends not only in southern China but also in Manchuria.

Chiang Kai-shek, however, has failed to take the best advantage he could of Manchurian reaction against the Russians. Instead of acknowledging the historic regionalism of Manchuria — whose inhabitants cultivate a sense of separatism even while they regard themselves as dwelling in part of China — Chiang attempted to assert his authority over Manchuria by the use of soldiers recruited in provinces far from that region. This action contributed to the outbreak of civil war in Manchuria after General Marshall, confident that the way to unity had been prepared, left China in March for a stay of 38 days in the United States. Fewer than half the soldiers Chiang has been fighting are Communists. Most of them are dissident Manchurians.

MILITARY UNITY FIRST. Marshall thinks that progress toward political unity can be made through military unity, and the legislation concerning which Acheson testified before the Foreign Affairs Committee on June 19 would enable the United States to bring together and train a Chinese coalition army of 50 government and 10 Communist divisions. While representatives of the government and of the Communists agreed on February 25 that their forces should be integrated, Marshall may find that political unity must precede or come simultaneously with military unity. One instrument of persuasion at the disposal of the United States is its lending power. China needs American dollars, and the present intention of the Administration is not to lend a large sum to China until it is politically unified.

BLAIR BOLLES